VETERANS AFFAIRS
VETERANS HEALTH ADMINISTRATION

I. RESOURCE SUMMARY

	Budget Authority (in Millions)		
	2005 Final	2006 Enacted	2007 Request
Drug Resources by Function			
Research & Development	$10.479	$11.185	$10.827
Treatment	385.651	401.463	417.522
Total Drug Resources by Function	**$396.130**	**$412.648**	**$428.349**
Drug Resources by Decision Unit			
Medical Care	$385.651	$401.463	$417.522
Research & Development	10.479	11.185	10.827
Total Drug Resources by Decision Unit	**$396.130**	**$412.648**	**$428.349**

Drug Resources Personnel Summary			
Total FTEs (direct only)	3,650	3,650	3,650
Drug Resources as a Percent of Budget			
Total Agency Budget (Billions)	$70.802	$71.813	$80.580
Drug Resources Percentage	0.56%	0.57%	0.53%

Methodology

- In accordance with the guidance provided in the Office of National Drug Control Policy's letter of September 7, 2004, VA's methodology only incorporates Specialized Treatment costs.

- **Specialized Treatment Costs –** VA's drug budget includes all costs generated by the treatment of patients with drug use disorders treated in specialized substance abuse treatment programs.

- This budget accounts for drug-related costs for VHA Medical Care and Research. It does not encompass all of drug-related costs for the agency. VA incurs costs related to accounting and security of narcotics and other controlled substances and costs of law enforcement related to illegal drug activity; however, these costs are assumed to be relatively small and would not have a material effect on the aggregate VA costs reported.

- **Decision Support System:** The 2005 actual are based on the Decision Support System (DSS) which replaced the Cost Distribution Report (CDR). The primary difference between DSS and the CDR is a mapping of cost centers by percentage to bed sections or out patient visit groups. DSS maps cost to departments, costs are then assigned to one of 56,000 intermediate products using Relative Value Units (RVU). Relative Value Units basically

defined as the determining factor of how much resources it takes to produce an intermediate product. Each Cost Category for example Fixed Direct Labor or Variable Labor has a RVU for each intermediate product.

All intermediate products are assigned to an actual patient encounter either inpatient or outpatient using the patient care data bases. In DSS the costs are not averaged rather they are reported by the total of the encounters and can be drilled to patient specific. Also DSS includes all overhead costs assigned to a facility to include headquarters, national programs and network costs. DSS does not pick up the costs of capital expenditures; it picks up the depreciation costs. In synopsis DSS records the full cost of a patient encounters either inpatient or outpatient that can be rolled up to various views.

II. PROGRAM SUMMARY

- The Department of Veterans Affairs, through its Veterans Health Administration, operates a national network of 250 substance abuse treatment programs located in the Department's medical centers, domiciliaries and outpatient clinics. These programs include 15 medical inpatient programs, 69 residential rehabilitation programs, 49 "intensive" outpatient programs, and 117 standard outpatient programs.

- Veterans Health Administration in keeping with modern medical practice, continues to improve service delivery by expanding primary care and shifting treatment services to lower cost settings when clinically appropriate. Within services for addicted veterans, this has involved a substantial shift over the past 10 years from inpatient to outpatient models of care.

- All inpatient programs provide acute, in-hospital care and a subset also provide detoxification and stabilization services, as well. They typically treat patients for 14-28 days and then provide outpatient aftercare. Inpatient programs are usually reserved for severely impaired patients (e.g., those with co-occurring substance abuse and serious mental illness). Inpatient treatment for drug addiction has become rare in VA just as it has in other parts of the healthcare system; only 2,000 drug using veterans received such treatment in 2005. The rest of VA's 24-hour care settings are classified as residential rehabilitation. They are based in on-site VA domiciliaries and in on- and off-site residential rehabilitation centers. They are distinguished from inpatient programs in having less medical staff and services and longer lengths of stay (about 50 days).

- Most drug-dependent veterans are treated in outpatient programs. Intensive outpatient programs provide more than 3 hours of service per day to each patient, and patients attend them 3 or more days per week. Standard outpatient programs typically treat patients for an hour or two per treatment day, and patients attend them 1 or 2 days a week.

- VA's Program Evaluation and Resource Center (PERC) completed a Drug and Alcohol Program Survey of 100 percent of its substance abuse programs in FY 2004, which described their staffing, structure, services and history in detail. This report was provided too many agencies, including ONDCP, and is available online at

http://www.chce.research.med.va.gov/chce/pdfs/2004DAPS.pdf. The next iteration of this survey will enter the field in the fall of 2006.

- The investment in health care and specialized treatment of veterans with drug abuse problems, funded by the resources in Medical Care, helps avoid future health, welfare and crime costs associated with illegal drug use.

- In 2005, VHA provided specialty substance abuse treatment to almost 70,000 veterans who used illicit drugs. The most prevalent drug used was cocaine, followed by heroin, cannabis and amphetamines, respectively. About two-thirds of VA drug abuse patients were in Means Test Category A, reflecting very low income. About one-fourth of these patients had a service-connected disability (the term "service-connected" refers to injuries sustained in military service, especially those injuries sustained as a result of military action).

- The dollars expended in VHA research help to acquire new knowledge to improve the prevention, diagnosis and treatment of disease, and generate new knowledge to improve the effectiveness, efficiency, accessibility and quality of veterans' health care.

III. BUDGET SUMMARY

2006 Program

- The FY 2006 estimate is $412.6 million, which consists of $401.5 million for medical care and $11.2 million for drug abuse related research.

2007 Program

- The FY 2007 estimate is $428.3 million, which consists of $417.5 million for medical care and $10.8 million for drug abuse related research. This represents a $15.7 million increase over the FY 2006 estimate or a 4 percent increase.

- Policy Actions: In January 2003, the VA Secretary suspended future enrollments of PL 8 veterans – those with higher incomes and no military disabilities -- but allowed those already in the system to remain enrolled. This decision has held in each budget since, and is assumed in the FY 2007 Budget. These actions would help ensure that the remaining, higher priority veterans are able to access needed health care services in a timely and medically appropriate manner. The effect of the policy options on the number of drug patients that VA treats is expected to be minimal.

- In June of 2004, the Secretary of VA mandated that VA facilities with limited substance abuse treatment services should expand those services to bring accessibility up to the national average by the end of 2005. The Secretary directed that VA facilities use the VHA's Clinical Practice Guidelines for Substance Abuse Treatment to guide their efforts to restore substance abuse treatment services. These expansions of substance abuse treatment services are now incorporated into VA's broader Mental Health Strategic Plan, which has been endorsed by the Secretary and by the Under Secretary for Health. In 2005, VA allocated an additional

$6.25 million was allocated for expansion of substance abuse treatment with the projection of an additional $20.0 million to be allocated in 2006.

IV. PERFORMANCE

Summary

- This section on VHA's program accomplishments is drawn from the FY 2007 Budget Request and internal management documents. No PART review has been undertaken as yet. The chart below examines existing performance targets and actual achievements. The current program ensures appropriate continuity of care for patients with primary addictive disorders, highlighting the timing and frequency of outpatient visits. Targets have been identified for FY 2004 and FY 2005. FY 2006 targets will be established after review of FY 2005 data. VHA also anticipates the establishment of specific outcome measures for 2006 - these should be available by the third quarter of FY 2006.

Veterans Health Administaration			
PART Review			
Last Year Reviewed	Not Reviewed	**Rating Received**	NA
Selected Measures of Performance			
Selected Output Measures		**FY 2005 Target**	**FY 2005 Achieved**
Percent of Clients receiving Appropriate Continuity of Care		36%	35%

Discussion

- The program monitors its progress by tracking the percent of patients with primary addictive disorders beginning new episodes of specialty care, that are retained in outpatient treatment. The target of 32 percent was met in the fourth quarter of FY 2004 surpassing the annual average of 28 percent for the whole year. The national average improved to 35 percent in FY 2005.

- In FY 2005, VHA provided services to 153,311 patients with a drug diagnosis of whom 15 percent used cocaine, 20 percent used opioids, and 38 percent had coexisting psychiatric diagnoses.

- With the allocation of additional resources and the impetus provided by a project of the Quality Enhancement Research Initiative program, VHA is steadily expanding the availability of methadone maintenance clinics and availability of buprenorphine agonist treatment for opioid-dependent veterans.

- The Program Evaluation and Resource Center, Palo Alto Healthcare System, is conducting a major process-outcome evaluation of substance abuse programs. The data are being collected, including one-, two-, and five-year follow-ups. These are being documented in a series of scientific articles and reports.